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E.O. 12958: N/A
TAGS: PGOV ECON PINR CA
SUBJECT: CANADA: MODEST CABINET SHUFFLE

¶1. (SBU) Summary: PM Harper reshuffled his cabinet on January 19 in preparation for a new session of Parliament and Speech from the Throne on March 3 and a federal budget on March 4. The changes included ten medium and lower rank portfolios, and reflected a strongly economic focus. He identified the economy as his government's "top priority," while insisting that the government would continue to "stay the course" by keeping all key economic portfolios with veteran ministers and by retaining almost all senior ministers in place. End summary.

"RECALIBRATING" THE TEAM

¶2. (SBU) In a long expected move, Prime Minister Stephen Harper on January 19 introduced ten ministers with new portfolios in a brief, televised ceremony with Governor General Michaëlle Jean at Rideau Hall. All key economic portfolios remained in the hands of veteran ministers, and most other senior ministers -- at Finance, Foreign Affairs, and National Defence -- also remained in place. The PM had previously signaled that the reshuffle would be part of his efforts to "recalibrate" his government during the parliamentary prorogation (suspension) until March 3. The reshuffle followed the January 16 resignation of Veterans' Affairs Minister Greg Thompson (New Brunswick's cabinet representative), who cited fatigue and family reasons for stepping down as minister (but not yet as MP), and who pledged not to run again in the next election. The changes in responsibilities took place immediately following the ministers' oath-taking at the ceremony. Only MP - Rob Moore - is a first-time minister; all others were previously in the Cabinet.

¶3. (U) The following link provides details about the new portfolios and biographies of the ministers:
<http://www.pm.gc.ca/eng/cabinet.asp?featureId=8>. Key changes included moving International Trade Minister Stockwell Day to the Treasury Board (the department responsible for managing the federal public service) and Public Safety Minister Peter Van Loan to International Trade. Two ministers -- National Defence Minister Peter MacKay and Government Leader in the Senate Marjorie LeBreton -- had minor additional responsibilities taken away (Atlantic Canada and Seniors, respectively) to free them to concentrate on their primary portfolios.

NEW CABINET CHANGES

¶4. (U) The new cabinet responsibilities are as follow:

-- Stockwell Day, President of the Treasury Board, and Minister for

the Asia-Pacific Gateway (formerly Minister of International Trade)

-- Peter Van Loan, Minister of International Trade (formerly Minister of Public Safety)

-- Vic Toews, Minister of Public Safety (formerly President of the Treasury Board)

-- Marjorie LeBreton, Leader of the Government in the Senate (formerly also Minister of State for Seniors)

-- Jean-Pierre Blackburn, Minister of Veterans' Affairs and Minister of State (Agriculture) (formerly Minister of National Revenue)

-- Rona Ambrose, Minister of Public Works and Government Services Canada (PWGSC) (formerly Minister of Labour)

-- Christian Paradis, Minister of Natural Resources (formerly Minister of PWGSC)

-- Lisa Raitt, Minister of Labour (formerly Minister of Natural Resources)

-- Diane Ablonczy, Minister for State for Seniors) (formerly Minister of State for Small Business and Tourism)

-- Keith Ashfield, Minister of National Revenue, Minister of the Atlantic Canada Opportunities Agency (ACOA), and Minister for the Atlantic Gateway (formerly Minister of State for ACOA), and,

-- Rob Moore, Minister of State for Small Business and Tourism.

"AN EXPERIENCED TEAM"

¶5. (U) PM Harper emphasized in a statement that "this is an experienced team that will stay the course" on the second and final implementation phase of the Canada Economic Action Plan, while meeting the challenges of emerging from the recession, restoring balanced budgets, and promoting economic growth and job creation. He described the changes as a "fine-tuning." The reshuffle increased the size of cabinet to 39 members, including the Prime Minister, 24 ministers, ten Ministers of State, as well as the Leader of the Government in the Senate, the Leader of the Government in the House, and the Chief Government Whip. Eleven members of the cabinet are women (unchanged from the previous cabinet). PM Harper insisted to skeptical reporters after the ceremony that the increase in the size of cabinet at a time of fiscal restraint was justifiable, given that this was not the right time for demotions, that ministerial budgets constituted only a small part of government spending, and that the government needed all the ministers to promote its policies.

¶6. (U) PM Harper increased cabinet representation from Atlantic Canada with Moore's elevation, as well as the promotion of fellow New Brunswicker Ashfield to Minister of National Revenue. Ashfield becomes the province's senior representative in cabinet, which the outgoing Greg Thompson had been before. Observers had expected Quebec to receive a boost; rumors had circulated that former Foreign Minister and Quebec MP Maxime Bernier might return to favor, but PM Harper sidestepped questions on Bernier in a post-ceremony press conference.

UP, DOWN, BUT NO ONE OUT

¶7. (SBU) The shuffle contained few surprises. Among the perceived demotions, former Natural Resources Minister Lisa Raitt slipped to Minister of Labour, which the media was quick to attribute to stumbles in 2009 over an aide's loss of sensitive documents and Raitt's apparent insensitivity over medical isotope shortages. The media also claimed that Van Loan had been unhappy at Public Safety and had sought the move to much smaller International Trade portfolio. Stockwell Day's move to the Treasury Board appeared to many at best as a lateral move and possibly even a demotion for one of PM Harper's former leadership rival who had been highly activist and visible as International Trade Minister. PM Harper nonetheless underscored publicly that he had handed Day a front line responsibility as part of the government's economic strategy to restrain spending, tackle the deficit, and promote economic growth and jobs. PM Harper identified Day's experience as a former provincial finance minister and his distinguished performance in federal cabinet, as good fits for the "essential" role of the Treasury Board in the months ahead in constraining and monitoring government spending.

¶8. (SBU) Perceived winners included Rona Ambrose, who had been effectively demoted in 2007 from Environment to Intergovernmental Affairs, and subsequently moved laterally to Labour in 2008. The media called her promotion to Public Works and Government Services Canada (PWGSC) -- a department with one of the largest government budgets and responsibility for the key infrastructure file -- a "second chance." Quebecer Christian Paradis, Ambrose's predecessor at PWGSC, also moved up -- to Natural Resources, with responsibility for Atomic Energy of Canada (AECL) as well as the politically sensitive oilsands portfolio. Natural Resources is an important file for Quebec, and Paradis will retain his role as political minister for the province. PM Harper praised Paradis to the media as deserving of a more "stimulating" cabinet challenge. Diane Ablonczy's move from Minister of State for Small Business and Tourism to the Seniors' file was seen by some as a reward for a long-term and underappreciated MP, but a 2009 flap between her and Industry Minister Clement over funding to a Toronto Gay Pride event may have contributed to the move as well.

¶9. (SBU) There were a few changes to important Cabinet Committees. Foreign Minister Lawrence Cannon replaced Stockwell Day as Chair of the Cabinet Committee on Afghanistan, which now includes Veterans' Affairs Minister Jean-Pierre Blackburn and Public Safety Minister Vic Toews as well as National Defence Minister Peter MacKay and Minister for International Cooperation Beverley Oda. The membership of the key Priorities and Planning Committee, chaired by the PM and made up of the most senior ministers, was unchanged. Other minor committee changes reflected ministerial portfolio changes.

NEXT STEPS

¶10. (SBU) The next step in the government's "recalibration" is likely to come with the appointment imminently of five new Conservatives senators to fill current vacancies. The appointments will give the Conservatives a plurality of 51 over the Liberals' 49

in the 105-seat Senate for the first time since the government took office in 2006. Observers expect the government's deft handling of Canada's reaction to the Haitian crisis, acknowledged even by political opponents, to produce a modest uptick in the polls. Coverage of the Haiti situation and of the cabinet shuffle overshadowed a federal Liberal caucus retreat in Ottawa from January 19 to 20 convened to highlight the shuttering of Parliament during prorogation.

¶11. (U) Separately, the Prime Minister declared himself "very satisfied" with a Federal Court ruling on January 18 in favor of the Conservative Party in an important court battle with Elections Canada over eligible campaign expenses in the 2006 election. Elections Canada had contended that the party had deliberately exceeded its C\$18.3 million campaign spending limit in 2006 by channeling C\$1.2 million in national advertising funds through the local campaigns of 67 Conservative candidates (with separate spending limits) and had broken the law by doing so. The party took Elections Canada to court, maintaining that it had done nothing wrong and had "followed the rules." The Federal Court agreed, although it suggested that the overall legitimacy of the advertising issue remained a "'debatable" issue.

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